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SUBJECT: TURKMENISTAN: BERDIMUHAMEDOV SAYS HE WANTS U.S.
ECONOMIC MODEL, MORE EXCHANGES

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: During his meeting with EEB A/S Sullivan,
President Berdimuhamedov

-- expressed thanks to Secretary Rice for her attention to
Turkmenistan and the region, particularly regarding her
vision of Central/South Asia economic integration and a &new
Silk Road;8

-- repeatedly expressed his keen interest in finding concrete
ways to develop the U.S. economic model in Turkmenistan;

-- vowed new attention to and openness about Turkmenistan's
narcotics problem;

-- accepted Energy Secretary Bodman's invitation for
Turkmenistan senior gas and oil officials to travel to
Washington and Houston at the end of September;

-- recognized the importance of diversifying energy export
routes, specifically mentioning the Western Caspian route; and

-- made a plea for more educational and professional
exchanges.

A/S Sullivan highlighted the need for

-- regional integration, or a &new Silk Road;8

-- broader economic cooperation, including an improvement in
the investment climate;

-- energy sector cooperation, including trans-Caspian export
options; and

-- undertaking economic reforms in order to spread prosperity
within Turkmenistan and integrate with the global economy.

We were struck by Berdimuhamedov's repeated insistence he
wants to learn from the American experience, especially

focusing on new economic models for Turkmenistan and call for expanded exchange programs. It is significant he met with Sullivan on the same day Iranian President Ahmedinejad arrived for a two-day visit and that the Sullivan visit received about the same amount of coverage in state-run print and TV as did the Ahmedinejad visit. END SUMMARY.

¶3. (SBU) EEB Assistant Secretary Daniel Sullivan met with President Gurbanguly Berdimuhamedov for 75 minutes on August

¶14. Charge, EEB Rob Garverick, and Department of Energy Tyler Tiller accompanied Sullivan, while First Deputy of the Cabinet of Ministers and Foreign Minister Rashit Meredov and Deputy of the Cabinet of Ministers for Oil and Gas Tachberdi Tagiyev sat with the president.

¶4. (SBU) Berdimuhamedov agreed with Sullivan that the opening ceremony of the U.S.- and UN-funded border crossing station at Imamnazar between Turkmenistan and Afghanistan the previous day had been an excellent event and an important symbol for increasing regional economic integration. He thanked Sullivan for his participation (septel), and noted our common goals and mutual cooperation. The president expressed his commitment to upgrading Turkmenistan's border security, while building good relations with contiguous neighbors. He named narcotics as the most important border-security issue of the moment. He said, "I won't hide any information. This is a very serious problem for us."

¶5. (SBU) Sullivan briefly reviewed the expansion of our commitment and cooperation with Turkmenistan, noting Secretary Rice had written to Berdimuhamedov that we are

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interested in "turning the page." He expanded on Secretary Rice's regional integration initiative, and previewed for the president the speech he delivered later in the day on Turkmenistan and its emerging economic opportunities.

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Regarding economic reform, the Assistant Secretary said that it is far better to undertake the process during an economic expansion rather than wait for a crisis to force actions. A/S Sullivan noted Turkmenistan's problematic dual exchange rates and uncertain investment climate, and cited WTO as a worthy long term goal. Sullivan recounted that a journalist covering the Imamnazar event had asked if deepening economic and commercial cooperation with the United States compromises Turkmenistan's policy of neutrality. Sullivan answered, "This kind of cooperation, trading in all directions, and supplying energy to several buyers enhances Turkmenistan's neutrality, which we firmly support."

"WE WANT TO WORK WITH YOU ON NEW ECONOMIC MODELS"

¶6. (SBU) Berdimuhamedov asked Sullivan to convey his thanks to Secretary Rice for her attention to Turkmenistan regional integration, and the region's important issues. He said his government had had "much (internal) discussion" about cooperation with the United States, and he was pleased it was now moving forward in all areas.

¶7. (SBU) Berdimuhamedov said, "I want to make clear we are paying special attention to diversification of hydrocarbon exports. We are open to discuss all issues. We have never rejected the concept of a Trans-Caspian Pipeline. We want your (U.S.) companies involved. We want specific projects to be successful." Sullivan underscored the importance of diversification, particularly the Caspian route, noting it was not in Turkmenistan's interest to sell gas to only one or two buyers. He also emphasized that, consistent with Turkmenistan's neutrality policy, U.S. companies should be given opportunities, both in the offshore and onshore sectors of Turkmenistan energy development.

¶8. (SBU) Berdimuhamedov expressed thanks for visits by SCA Assistant Secretary Boucher, PDAS Mann, and DAS Feigenbaum.

Their discussions with him had clarified issues, and he was in essential agreement with their views. Then he lamented, "So far, our energy dialog is theoretical, with nothing concrete. Life is going on; time is flying.⁸ The President renewed his call for the U.S. to make concrete proposals.⁸

¶9. (SBU) The president elaborated, "We want to work with you on new economic models -- certainly in energy, but more broadly in the economy. We are very keen to develop all sectors of the economy, including textiles, to increase our GDP for the benefit of the people." He stated clearly, "We are truly eager to learn new economic models of development. We need your expertise because, frankly, we're interested in your model. We need a plan of action to implement it. Thank God there are no current crises so we can look outward and do new things."

¶10. (SBU) Gesturing toward Meredov, Berdimuhamedov said, "My foreign minister advised me to start with political reform, but I told him economics is more important. Economics has to come first. Militarily, we are of course a neutral state. But economically, we want the 'American School' model."

¶11. (SBU) Sullivan responded we would be pleased to work closely with Turkmenistan on the economic model that has made the United States so successful and prosperous, suggesting an exchange of economic experts to share information. He advocated diversifying the economy, suggested focusing on civil aviation and telecommunications which would also help spur regional integration, and pushed for improving the investment climate -- all essential for large-scale foreign investment. He explained the U.S. government cannot tell private companies where to invest, but we can help Turkmenistan create the conditions to attract their investment. Turning to the energy sector, A/S Sullivan said that U.S. private companies want to invest in Turkmenistan and can bring world-class capital, technology and training. He underscored that American companies have a strong track record in terms of training locals and benefiting

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economically more broadly. Berdimuhamedov replied, "We are fine working with private companies as long as it's mutually beneficial."

ENERGY DELEGATION TO UNITED STATES APPROVED

¶12. (SBU) Sullivan told Berdimuhamedov we are keenly aware he wants "concrete action." One concrete step that would "move us from theory to action" would be to accept Secretary of Energy Bodman's invitation for senior Turkmen gas and oil officials to travel to Washington and Houston by the end of September. Their visit would include work on economic models. Berdimuhamedov accepted on the spot, saying, "Our delegation, led by the Deputy of the Cabinet of Ministers Tagiyev, will go by the end of September. (COMMENT: The ever-scowling Tagiyev remained impassive, but Foreign Minister Meredov shot the Charge a quick glance. Clearly, Meredov had greased the skids for this decision. END COMMENT.)

"WE WANT MORE EXCHANGE PROGRAMS"

¶13. (SBU) Before closing, Berdimuhamedov made a pitch for more educational and professional exchange programs. He said, "This is really important for us. We want to have U.S. experience and knowledge." (COMMENT: We will pocket this statement to work with Foreign Minister Meredov to storm the ramparts of the Ministry of Education where a good number of our exchange and education programs is held up. END COMMENT.)

COMMENT

¶14. (SBU) We were struck by Berdimuhamedov's repeated insistence he wants to learn from the American experience, especially focusing on new economic models for Turkmenistan.

This window of opportunity probably will not stay open indefinitely. We need to identify what we can do and move swiftly to implement concrete cooperation. We will report separately our recommendations.

¶15. (SBU) COMMENT CONTINUED: It is significant President Berdimuhamedov met with the Sullivan delegation on the same day Iranian President Ahmedinejad had arrived for a two-day visit. Although the Iranian state visit was the lead story in the government newspapers, the Sullivan visit received just about equal high-profile coverage in print and on television. END COMMENT.

¶16. (U) A/S Sullivan cleared this cable.

HOAGLAND